

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Social Services	(2) MEETING DATE 10/6/2015	(3) CONTACT/PHONE Laurel Weir/781-1833	
(4) SUBJECT Submittal of letters of support for Assembly Bill 35 (Chiu) and Senate Bill 377 (Beall) which amend codes related to the California Tax Credit Allocation program. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors sign and send letters of support to the Governor for enrolled bills AB 35 (Chiu) and SB 377 (Beall) which amend codes related to the California Tax Credit Allocation program.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0	(8) ANNUAL FINANCIAL IMPACT \$0	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> Letters of Support			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW Morgan Torell			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Social Services / Laurel Weir/781-1833

DATE: 10/6/2015

SUBJECT: Submittal of letters of support for Assembly Bill 35 (Chiu) and Senate Bill 377 (Beall) which amend codes related to the California Tax Credit Allocation program. All Districts.

RECOMMENDATION

It is recommended that the Board of Supervisors sign and send letters of support to the Governor for enrolled bills AB 35 (Chiu) and SB 377 (Beall) which amend codes related to the California Tax Credit Allocation program.

DISCUSSION

At the September 16, 2015 meeting of the full Homeless Services Oversight Council (HSOC), it voted unanimously to ask that the Board of Supervisors write letters to the Governor in support of Assembly Bill (AB) 35 and its companion bill, Senate Bill (SB) 377. Both bills would amend portions of the codes related to the California Tax Credit Allocation program.

The lack of housing affordable to persons with incomes equal to or less than 30% of the Area Median Income contributes to and exacerbates homelessness in San Luis Obispo County. According to the National Low Income Housing Coalition, the mean wage needed to rent a two bedroom apartment in San Luis Obispo County is \$25.17 per hour for a person working full time¹. Additionally, the multi-family housing vacancy rate in San Luis Obispo County is less than 2%².

A key program that helps to increase the supply of housing in California is the Low Income Housing Tax Credit, which provides tax credits to investors who invest in the construction of housing that meets certain criteria for affordability. In the State, there is currently a cap on the total amount of tax credits that may be allocated. Low income housing advocates have argued this cap is too low to address statewide affordable housing needs and have advocated for an increase. AB 35 and its companion bill, SB 377, address the cap on tax credits and other limitations currently in place for the program.

AB 35 would increase the current tax credit allocation limit from \$70 million to \$170 million (a \$100 million increase), as adjusted for inflation for the years 2016-2021. SB 377 would allow a developer who is awarded State tax credits to sell the credits to an investor without making the investor a part of the owner partnership, resulting in increased value to the investors due to changes in the amount of federal tax liability. The bill would also prohibit claiming of the same tax credit by more than one taxpayer, add additional reporting and transparency requirements, provide some additional authority to the entity that administers the tax credit, and make certain other technical amendments. More detailed analyses of these bills prepared by the state legislature are provided in the Attachments.

AB 35 passed out of the State Assembly in June 2015 by a vote of 76-0 and out of the State Senate in September 2015 by a vote of 79 to 0. SB 377 was passed by both the Assembly and Senate on September 11, 2015 by votes of 38-0 and 79-0, respectively. Both bills have been sent to the Governor for consideration.

¹ Source: http://nlihc.org/sites/default/files/oor/OOR_2015_FULL.pdf

² Source: County of San Luis Obispo 2015-2019 Consolidated Plan

OTHER AGENCY INVOLVEMENT/IMPACT

The HSOC made the recommendation for your Board to sign the letters of support for AB 35 and SB 377.

FINANCIAL CONSIDERATIONS

Signing the letters of support will have no immediate financial impact to the County.

RESULTS

If the bills are enacted, the amount of tax credits available in the State of California will increase, which in turn is expected to increase creation of affordable housing within the State. It is possible that the expansion of the credit may result in new affordable housing units constructed in the County over the next several years.

ATTACHMENTS

1. AB 35 Bill Analysis
2. SB 377 Bill Analysis
3. AB 35 Letter of Support
4. SB 377 Letter of Support